

Relationships between Board Gender and Age on Financial Growth of Listed Firms in Kenya

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Abstract

The study sought to determine the relationships between board of directors' age, gender and financial growth of companies listed in Kenya. The study was guided by the agency theory, contingency theory and stewardship theory. The study used correlational research design and the target population for this study was board of directors of 60 listed companies in the Nairobi Securities Exchange and the sample size of 18 boards of directors of listed companies was used being representative of all the sectors. Data was sourced from NSE annual reports and annually published financial statements of listed companies. In order to answer the research questions the study used cross tabulation and to determine the strength of relationship between board directors' age, gender and firm's financial growth, coefficient of correlation was computed. Correlation was used to test the hypothesis. The study found that there is a negative relationship between the age and the financial growth of companies listed in NSE. Gender has a positive association with profits and a negative association with EPS and DPS. The study established that there is a positive relationship between gender and profits though not significant at 0.056, EPS and DPS is negative and not significant. Correlation was used to test the hypothesis and all were rejected since there wasn't a significant relationship. The study recommends that the appointment and retirement of directors need to be done carefully because of directors' characteristics relationship with financial growth of the listed companies in NSE although not significant.

Key Words: *Board of Directors, gender, age, financial Growth, Kenya*

1.0 Introduction

The board of directors is the most important decision-making body in a corporation. Boards are responsible for approving major strategic and financial decisions like dividend policy, mergers and acquisitions and changes in capital structure, and also for the most important task of all, which is to hire and fire top executives. The stakeholders focus on varying aspects of boards. Directors may differ in many important characteristics, such as educational and social connectedness, gender, functional background, insider status, industry experience, and race (Adams & Ferreira, 2007).

The aspects of board diversity, economic theory, and management theories in economics, theoretical analyses of corporate boards usually abstract from the process of how board members reach an agreement (Adams *et al.*, 2010). Whenever directors are treated as heterogeneous, this typically occurs because of their status as corporate insiders or outsiders (Raheja, 2005). Accordingly, most of the existing empirical research in economics disproportionately focuses on the distinction between independent and non independent directors as the main source of director heterogeneity (Adams *et al.*, 2010).

Adams and Ferreira (2007) develop a formal model of boards, taking into account the dual role of boards as monitors and advisers of management. Separating the advisory and decision making functions of boards is not always desirable. First, directors should perform these two tasks because the same information that is used for monitoring purposes is also relevant for advising managers. But a second and subtler reason exists for combining the two functions in one board. Director characteristics could affect directors' competence and incentives to monitor and advise managers, and thus could be chosen either to maximize shareholder value or to protect the interests of executives.

In literature there is the concept of group fault lines as hypothetical dividing lines that may split a group into subgroups based on one or more attributes. Salient demographic characteristics may split groups into implicit subgroups. Demographic dissimilarity may limit communication among subgroups, create conflict, and reduce interpersonal attraction and group cohesiveness. In the case of corporate boards, perhaps a key problem associated with diversity is the possibility of communication breakdowns between top executives and minority outside directors (Moore, 2008).

Adams and Ferreira (2007) argue that outside directors rely on executives to gain access to firm-specific information. Executives may perceive demographically dissimilar directors as sharing different values and espousing dissimilar views. The reluctance of executives to share information with minority outside directors could compromise board effectiveness. Choosing directors with little experience, inadequate qualifications, or who are overused. An indirect cost of choosing directors mainly for their demographic characteristics is the possibility of

neglecting other important characteristics. For example of gender diversity, the proportion of women in top executive positions is small but growing; a preference for female directors may lead to a board that is disproportionately young and little-experienced. Furthermore, because qualified minority candidates may be in short supply, minority directors are likely to accumulate more board seats than the average director.

Bitok *et al* (2010) defined dividends as the distribution of earnings. The common ways of distributing part of firms' value to its owners include payment of cash dividends, repurchasing of stock and payment of stock dividends. Quoted companies usually pay dividends on a fixed schedule, commonly annually, bi-annually or quarterly, however they may declare a dividend any time. Cash dividend is used more often while repurchasing of stocks is not possible in all countries. Stock dividends do not have real values and when paid after cash dividends they are perceived to convey positive information about future cash flows. Dividend policies are influenced by many factors. The legal rules provide that dividends be paid from earnings. Contractual constraints could restrict payment of dividends.

Other factors considered include cash needed to repay debt, stability of earnings and growth prospects. Market considerations with respect to access to capital markets are also important. Corporate managers are averse to changing the dollar amount of dividends in response to changes in earnings, particularly when earnings decline. Three of the more commonly used dividends policies are constant payout ratio, regular dividend policy, and low-regular and extra dividend policy (Charitou *et al.*, 2010).

While increased dividends generally increase common stock value, sometimes

this is not always the case. If a company's overall performance is questionable, then raising dividends may not encourage investors. Therefore, dividends are per-share payments designed by company's board of directors to be distributed among shareholders. For preferred shares, it is generally a fixed amount. For ordinary shares, the dividend varies with the earnings of the company and the amount of cash at hand. It may be omitted if the business is poor or the directors withhold earnings to invest in plant and equipment (Gitman, 2008).

The factors that determine dividend paying capacity are; capital needs, expansion plans, debt repayment, operation cushion, contractual requirements, past dividend paying history of a business and dividends of a comparable company should be investigated. After analyzing these factors, percentage of the net income of average cash flow that can be used for the payment of dividend can be estimated. What also must be determined is the dividend yield, which can best be determined by analyzing comparable companies (Carpenter & Petersen, 2002).

Firm with investment projects whose returns exceed its cost of capital will use retained earnings to finance the project. It follows that such payments of dividend from retained earnings as passive residual therefore the amount of dividend payout to shareholders will fluctuate from period to period depending on the availability of profitable investments and the returns from such investments. If return is less than investors return, the shareholders will prefer dividend. The payout will be high because of fluctuations in dividend payment. Management need to smooth out actual payment by saving some funds in surplus years for dividend payment in lean periods (Van Horne and Wachowics, 2003).

1.2 Kenyan Context

The stock market in Kenya is known as the Nairobi Securities Exchange (NSE). Constituting a voluntary association of stockbrokers, the NSE was formed in 1954. Currently, there are 55 stocks listed in the NSE. In the Commercial & Services sector, Securities traded at NSE are bonds and shares that constitute the markets two broad segments. The stock market is referred to as floating interest rates market, which is divided into two segments; the Main Investments Market Segment (MIMS) & Alternative Investments Market Segment (AIMS). MIMS has four segments namely Agricultural, Commercial and Services, Finance & Investment, and Industrial & Allied sector. Characterized by its liquidity, market capitalization and turnover, the NSE may be classified as both emerging market and frontier market. The NSE is a model emerging market in view of its high returns, vibrancy and well developed market structure (Ogunmuyiwa, 2010).

It is amongst the most vibrant in the African Bourse, and is the most developed security market in Eastern Africa. In the year 2009, the bourse introduced a market indicator named as the NSE All Share Index (NASI). Thus, it raises interest and sets a precedent for comparison with other emerging markets in Africa and the world at large (Bach, Judge & Dean 2008). For a company to be listed it must go through a process called IPO. An IPO can be defined as success as the creation of market value above and beyond the resources invested in the venture since its inception. The Nairobi Securities Exchange has had very few IPOs compared to developed markets (Cheluget, 2008).

This study focuses on the relationships between board of directors' gender and age on financial growth of companies listed in NSE.

2.0 Theoretical Framework

Contingency theory has sought to formulate broad generalizations about the formal structures that are typically associated with or best fit the use of different technologies. The perspective originated with the work of (Orlikowski, 2010), who argued that technologies directly determine differences in such organizational attributes as span of control, centralization of authority, and the formalization of rules and procedures. Some important contingencies for companies are: Technology, Suppliers and distributors, Management, Consumer interest groups, Customers and competitors, Government and Unions. Contingency approaches Morgan (2007) in his book images of organization describe the main ideas underlying contingency in a nutshell:

Organizations are open systems that need careful management to satisfy and balance internal needs and to adapt to environmental circumstances. There is no one best way of organizing. The appropriate form depends on the kind of task or environment one is dealing with; Management must be concerned, above all else, with achieving alignments and good fits and different types or species of organizations are needed in different types of environments. Fiedler, (2006) examined a contingency model focused on a contingency model of leadership in organizations. This model contains the relationship between leadership style and the favorableness of the situation. Situational favorableness was described by Fiedler in terms of three empirically derived dimensions:

Leader-member relationship – high if the leader is generally accepted and respected by followers, degree of task structure – high if the task is very structured and leader's position power – high if a great deal of authority and power are formally attributed

to the leader's position. Situations are favorable to the leader if all three of these dimensions are high. Scott, (2005) describes contingency theory in the following manner: "The best way to organize depends on the nature of the environment to which the organization must relate". It can be concluded that there is 'no one best way' or approach in management or doing things, different situation calls for different approach to handle, manage, and solve the arising issue concerned. Management and organization is an 'Open system', which embrace anomalies or challenges every now and then, which requires 'adaptable' and 'situational' solution in order to overcome or solve the problem or issue concerned (Cowsill & Grint, 2008). Other situational or contingency factors are 'changes in customer demand for goods and services, change in government policy or law, change in environment or climate change, and so forth.

Agency theory is founded on the assumption that managers are opportunistic and that they pursue selfish interests to the detriment of shareholders (Jensen and Meckling, 1976). This divergence of interests precipitates conflicts between shareholders and management, which results in agency cost. One of the major costs incurred by shareholders is the need to monitor management through the introduction of a layer of scrutiny in the form of a board of directors (Fama, 1980; Fama and Jensen, 1983). The board of directors is charged with the responsibility of monitoring the decisions and actions of management, thereby reducing opportunistic behavior. According to Jensen and Meckling (1976) the shareholders are assured that the managers will make optimal decisions only if appropriate incentives are given and only if the agent is monitored.

Extant literature indicates that management initiates and implements, whereas directors

monitor (Jensen and Meckling 1976; Deutsch *et al.*, 2007). The monitoring function refers directly to the responsibility of directors to monitor and control managers (including hiring and firing of the CEO) on behalf of shareholders (Hillman and Dalziel, 2003; Brennan 2006). The primary driver of each of the monitoring functions of the board is the obligation to ensure that management operates in the interests of shareholders an obligation that is met by scrutiny, evaluation, and regulation of the actions of top management by the board (Hillman and Dalziel, 2003).

While Agency theory assumes that principals and agents have divergent interests and that agents are essentially self-serving and self-centered, stewardship theory takes an opposite perspective. It suggests that agents are essentially trustworthy and good stewards of the resources entrusted to them (Donaldson and Davies, 1991). Stewardship theory defines situations in which managers are not motivated by individual goals rather are stewards whose motives are aligned with the objectives of their principals (Davies *et al.*, 1997). Organisational role-holders are conceived as being motivated by a need to achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority, and thereby to gain recognition from peers and bosses (Davies *et al.*, 1997).

The stewardship perspective views directors and managers as stewards of the firm and as stewards, directors are likely to maximize the shareholders' wealth. Stewards derive a greater utility from satisfying organisational goals than through self-serving behavior (Davies *et al.*, 1997). The steward realizes the tradeoff between personal interests and organizational objectives and believes that by working toward organizational, collective ends,

personal needs are met (Davies *et al.*, 1997). According to Davis and Donaldson (1991) the attainment of organisational success also satisfies the personal needs of the stewards. Stewardship theory therefore suggests that managers should be given autonomy based on trust, which minimizes the cost of monitoring and controlling.

2.1 Gender

Resource-dependence theory views organizations in terms of their ability to attract, utilize, and maintain a stream of resources from their external environment (Kaufman & Guerra, 2001). Corporate boards are part of the resource stream since they bring bundles of knowledge, experience, ideas, and professional contacts (Carpenter *et al.*, 2004). Boards that include women and individuals of varying races, ethnicities, and other minority characteristics broaden a firm's resources and augment the range of perspectives for the problem-solving and strategic planning process (Ruigrok *et al.*, 2007).

Historically, women and minorities have not been strongly represented in corporate governance. However, the situation began to change slightly in the 1990s when an appreciable increase in the number of women serving on corporate boards began to occur (Farrell & Hersch, 2005). Female board members have since brought a new perspective to boards' deliberation process as well as inspiring workforce diversity (Carter, *et al.*, 2003). A high level of board diversity has been found to be positively related to profit levels (Van der Walt *et al.*, 2006) greater returns on equity (ROE), larger total returns to shareholders (Davidson & Burke, 2000; Farrell & Hersch, 2005), and greater returns on assets (ROA) Carter, *et al.*, (2003).

In addition to financial benefits, women have been associated with stronger satisfaction of organizational commitments

and a social balance in governance oversight (Erhardt, Werbel, & Shrader, 2003). The positive influences of women board members have not been lost on nominating committees. Although the size of corporate boards has decreased, the number of women serving on those boards has increased Farrell & Hersch, (2005).

2.2 Age of Board Members

While one might suppose that older corporate boards with the additional years of cumulative experience might be associated with stronger, steadier corporate performance, a study by Rose (2005) found that younger boards generally outperformed older boards, suggesting the

possibility that younger boards may be more innovative and perhaps more willing to participate in the monitoring process. Another explanation for younger board superior financial performance is that the average age of a firm's board may influence the type of risks and decisions they pursue. Westphal & Stern (2007) suggested that an individual's age might be related to his or her openness to new ideas. Younger decision-makers appear less bound by the status quo and more amenable to change (Carpenter, 2002). They also have a greater receptivity to risk-taking as a condition for more innovative growth strategies (Ferrier *et al.*, 2002).

Conceptual Framework

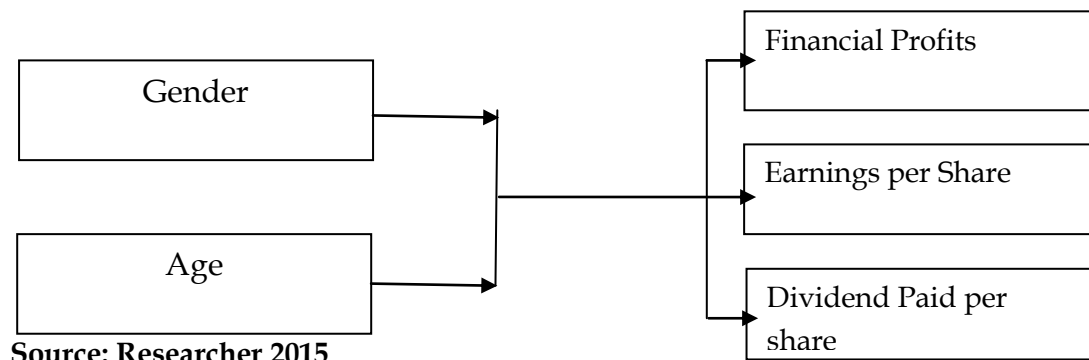
Conceptual entails the relationships between the dependent variable and independent variable.

Independent variables

Board Composition

Dependent variables

Financial Growth



Source: Researcher 2015

Fig 1: Conceptual framework

3.0 Methods

The target population was made up of sixty companies listed in the Nairobi Securities Exchange. The study employed stratified random sampling procedure to get a sample of eighteen companies. The coefficient of correlation was computed and a further analysis using multiple regression analysis

technique be done. The hypothesis was tested using the t-test.

3.1 Model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where: Y = Financial Growth, X_1 = director's age, X_2 = director's gender β_1 , β_2 = parameters to be estimated, ε = error term

4.0 Findings

4.1 Demographic Characteristics of Directors

4.1.1 Experience

The study established that a majority of 47% of the directors had an experience of the age between 21-30 years. This depicts that the directors have worked long enough to make managerial decisions with a wide experience.

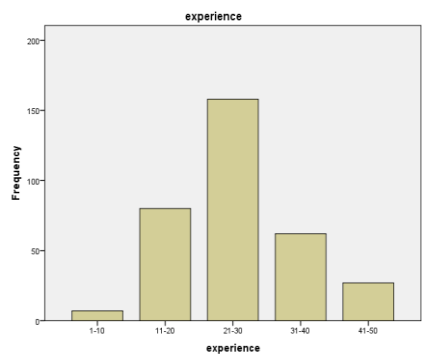


Fig 4.1: years of experience of directors

4.2 Academic qualification

The study established that the academic qualification of the directors fall into two that is; Bachelors, and masters. A majority of 63% had a master's degree as their highest academic qualification.

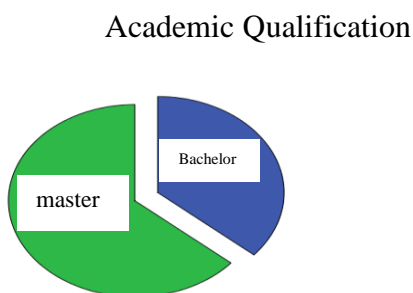


Fig 4.2: Academic highest qualification of directors

4.3 Gender of directors

In the board of directors a majority of 80% was male. This means that the listed companies' board of directors is male dominated.

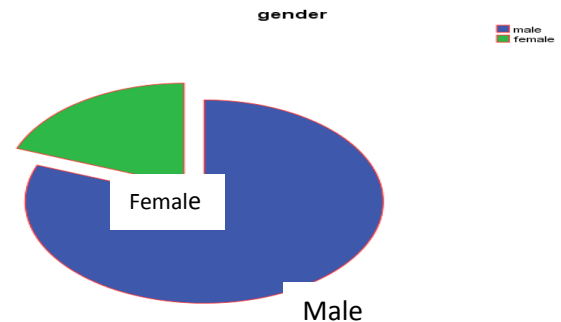


Fig 4.3 Gender of directors

4.4 Age of Directors

The age of the directors is distributed from 31 years to 80 years but majority of the directors' age lie between 51-60 years. This indicates that the 38% of the directors are of age. The managerial decision made is conclusive.

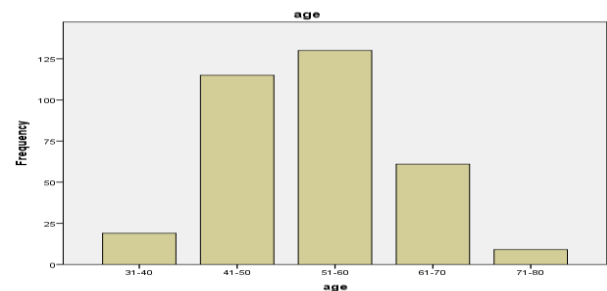


Fig 4.4: Age distribution of directors

4.1.1 Effect directors' gender on financial growth of listed companies in NSE

The findings on the effect directors' gender was that financial growth of listed companies not significantly affected by the board of directors' gender. Gender has a negative association with financial growth the profit, EPS and DPS. The decision to invest in a project less depends on the

gender of the decision maker since such decisions are made in a group with consultation of the experts in the financial markets. The above finding is in agreement with Darmadi (2011) who found a negative correlation between the proportions of women with market performance and Atahau and Supatmi (2011) found a negative effect of the presence of female directors on the company financial performance.

Women have a very high prudence, tend to avoid risk and more thoroughly than men. This side makes a woman will not in a hurry to take a decision (Kusumastuti *et al.*, 2007). Cautious attitude and meticulous in women board members will affect any decision to be taken. With the caution a women has, it will minimize the risk of failures and mistakes in any decision for the company, so it can affect the company performance. Kusumastuti *et.al*, (2007) stated that there was no influence of the presence of women directors on company value. On the other hand, with the growing gender diversity in the board members, then it will allow the emergence of conflict (Richard *et al.*, 2004) which can lead to slow decision-making process (Goodstein *et al*, 1994). Carter *et al.*, (2003) and Carter *et al.*, (2007) found a positive effect of the proportion of women board members towards company value.

2.4.2 Effect Directors' Age on Financial Growth of listed Companies in NSE

Age can be considered as a proxy to see the level of experience and one's risk taking way (Herrmann and Datta, 2005). The finding on effect directors' age on financial growth was that age diversity doesn't have significant effect on firm performance as measured by EPS after tax, EPS and DPS.

The effect can be felt based on the ownership diversity in terms on the numbers. The age of the director may not matter on the decisions but the extent to which the director is exposed to the issue under consideration. The findings are in agreement with a research conducted by Kusumastuti *et al.*, (2007) which found that age had no effect on company value. It is shows that age can affect a person's actions within the company which will then affect the company value. On the other hand Darmadi (2011) show that the existence of positive correlation between board members under the age of 50 years with the market performance.

Kang *et al.*, (2007) stated that the board of directors with the older age group had more experience, maturity and usually also have economic resources. Middle age groups had a major role and were actively responsible in the company and the community, while the younger age groups had the energy and courage to succeed and had plans for the future. Beasley, (1996) stated that the 34-50 years old age group was the most healthy, the most calm, can control themselves, and most responsible. Barker and Mueller (2002) found that older managers tend to be less like risk , while younger managers tend to have a higher ability to process new ideas (Cheng *et al.*, 2010). Less like risk attitude, experience and more wisdom held by board members in the older age group can give the effect on company value. The courage to succeed that is supported by their abilities; make them try to do their job as good as possible so as to increase the company value. But on the other hand, young board member who generally does not have enough experience and wisdom can degrade the company performance by their risk taker nature.

4.1.2 Effect of Directors' Gender on Financial Growth of Listed Companies in NSE

Table 4.1 Effect of directors' gender on profits

		Symmetric Measures			
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	.056	.051	1.031	.303 ^c
N of Valid Cases		334			

a. Not assuming the null hypothesis. b. Using the asymptotic standard error assuming the null hypothesis. c. Based on normal approximation.

Source: Researcher 2016

From table 4.1 the effect of directors gender on the profits is positive and it's not significant since $p=.303$. The profits of a

listed firm are not significantly affected by the directors' gender in any given financial year.

Table 4.2 Effect of directors' gender on EPS

		Symmetric Measures			
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	-.042	.049	-.764	.445 ^c
Ordinal by Ordinal	Spearman Correlation	-.043	.056	-.777	.438 ^c
N of Valid Cases		334			

a. Not assuming the null hypothesis. b. Using the asymptotic standard error assuming the null hypothesis. c. Based on normal approximation.

Source: Researcher 2016

From table 4.2 the effect of directors gender on the EPS is negative and it's not significant since $p=.445$. The EPS of listed

firms are not significantly affected by the directors' gender in any given financial year.

Table 4.3 Effect of directors' gender on DPS

		Symmetric Measures			
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	-.040	.056	-.724	.470 ^c
Ordinal by Ordinal	Spearman Correlation	-.061	.056	-1.119	.264 ^c
N of Valid Cases		334			

a. Not assuming the null hypothesis. b. Using the asymptotic standard error assuming the null hypothesis. c. Based on normal approximation.

Source: Researcher 2016

From table 4.3 the effect of directors gender on the DPS is negative and it's not significant since $p=.470$. The DPS of listed firms are not significantly affected by the directors' gender.

4.1.4 Effect of directors' age on financial growth of listed companies in NSE

Table 4.4 Effect of directors' age on profits

Symmetric Measures		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	-.014	.056	-.263	.793 ^c
N of Valid Cases		334			

a. Not assuming the null hypothesis. b. Using the asymptotic standard error assuming the null hypothesis. c. Based on normal approximation.

Source: Researcher 2016

From table 4.1 the effect of directors age on the profits is negative and it's not significant since $p=.793$. The profits of listed firms are not significantly affected by the directors' age.

Table 4.5 Effect of directors' age on EPS

Symmetric Measures		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	-.005	.045	-.083	.934 ^c
N of Valid Cases		334			

a. Not assuming the null hypothesis. b. Using the asymptotic standard error assuming the null hypothesis. c. Based on normal approximation.

Source: Researcher 2016

From table 4.5 the effect of directors age on the EPS is negative and it's not significant since $p=.934$. The EPS of listed firms are not significantly affected by the directors' age.

Table 4.6 Effect of directors' age on DPS

Symmetric Measures		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	-.041	.054	-.740	.460 ^c
N of Valid Cases		334			

a. Not assuming the null hypothesis. b. Using the asymptotic standard error assuming the null hypothesis. c. Based on normal approximation.

Source: Researcher 2016

From table 4.6 the effect of directors age on the EPS is negative and it's not significant since $p=.934$. The EPS of listed firms are not significantly affected by the directors' age.

4.5 Correlation Analysis and Hypothesis Testing

The study determined the effect of board of director's composition on the financial growth of listed companies in Nairobi Securities Exchange by use of correlation analysis to measure the strength between the variables in this study. The study sought to know the relationship between board of director's composition and financial growth of listed companies at NSE. Since the P-value is larger than the significance level 0.01 the reject the null hypothesis and

conclude that there is no enough evidence at 0.01 level to conclude that there is significant linear relationship between experience and financial growth of the companies listed at NSE. The relationship between board of director's composition and financial growth indicators of reported EPS after tax, dividend paid per share and earnings per share is as shown in the table 4.7 below.

Table 4.7 Correlation between gender and financial growth of listed companies at NSE
Correlations

	gender	profits	EPS	DPS
Gender	1			
profits	.056	1		
EPS	-.042	.386**	1	
DPS	-.040	.309**	.598**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher 2016

From the figures in the table 4.3 above, the correlation between gender and profits was positive and not significant of 0.056, EPS and DPS is negative and not significant of -0.042 and -0.040 respectively. Since the P-value is larger than the significance level

0.01 we reject the null hypothesis and conclude that there is no enough evidence at the 0.01 level to conclude that there is significant linear relationship between gender and financial growth of the companies listed at NSE.

Table 4.8 Correlation between age and financial growth of listed companies at NSE
Correlations

	age	profits	EPS	DPS
Age	1			
profits	-.014	1		
EPS	-.005	.386**	1	
DPS	-.041	.309**	.598**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher 2016

From the figures in the table 4.1 above, the correlation between age profits, EPS and DPS is negative and not significant of -0.014, -0.005 and -0.041 respectively. Since the P-value is larger than the significance level 0.01 we reject the null hypothesis and

conclude that there is no enough evidence at the 0.01 level to conclude that there is significant linear relationship between age and financial growth of the companies listed at NSE.

4.2 Discussion of the Findings

A Pearson product-moment correlation coefficient was computed to assess the relationship between the board composition and financial growth of listed companies at NSE. The results of the finding indicate that the decisions made on how much to pay in form of dividends is not fully dependent on the age, neither years of experience, gender or the profession of the board of directors. The amount realized at the end of the financial year as either profit after tax or earnings per share is influenced fully by the gender, age or years of experience of board of directors. However, the profit after tax is significantly influenced by the profession of the board of directors.

The gender-diversity of corporate boards is a frequently debated topic in both management practices. The financial growth of listed companies is not significantly affected by the board of directors' gender. Gender has a negative association with financial growth the profit, EPS and DPS. Jonas (2015) examined the effect of gender diverse boards of directors on firm financial performance in Norway. Using a dataset of 55 Norwegian public limited liability companies listed on Oslo Stock Exchange. The analysis reveals no significant evidence that firm financial performance is negatively or positively impacted by gender diverse boards of directors. For Tobin's Q, there even is a negative relationship of gender diversity of boards of directors and firm financial performance. Neither is the relationship significantly moderated by independent directors, multiple directorships or education.

The study found that age diversity doesn't have significant effect on firm performance as measured by EPS after tax, EPS and DPS; $p=0.793$, 0.934 and 0.460 respectively. This

findings conquer with Spakur & Emil (2011) who found that age diversity does not significantly affects firm performance as measured by ROA, but not as measured by Tobin's Q. the findings further reveal that the effects are only evident when the company belongs to the small-cap category with a market cap below EUR 150 million. The size of the effect differs depending on what measurement years are included in the analysis, and how long the time delay is between the measurement of age diversity and firm performance.

4.3 Interpretations of the findings

The research sought to establish the relationship between the board of directors' composition and financial growth of companies listed in Kenya. The correlation matrix for the three variables shows that there are correlations between individual independent variables and financial growth of companies listed in Kenya as measured by reported profits after tax, DPS and EPS. However, only the correlation coefficient between profession and profits after tax indicator was significant negative correlation. There was a weak negative correlation between age, gender and experience as an independent variables and financial growth indicators of DPS and EPS. That is, change in the board of director's composition mix; age, gender of a company will negatively affect the EPS, EPS and DPS reported at the end of the financial year. For the directors profession of a company will positively affect the profits, EPS and DPS reported at the end of the financial year. There was a weak positive correlation between age, gender as an independent variables and financial growth indicators of DPS and EPS. That is, any change in the age and gender would lead to insignificant negative effect on the DPS and EPS.

5.0 Discussion and Conclusions

The main aim of this research was to examine the relationship between board of directors' composition and financial growth of companies listed in Kenya. With regards to the examination of the relationship between board of directors' composition and financial growth Pearson's correlation analysis was used.

The findings of research question one on the board of directors experience were that there is no significant influence on profit, EPS and DPS since the P values are greater than 0.5. The variable experience correlates with the financial growth of listed companies. Regardless of the number of working years the experience doesn't determine the financial growth of the listed companies. The decision making scenarios is too dynamic to apply the experience.

The findings of research question two show that financial growth of listed companies not significantly affected by the board of directors' gender. Gender has a negative association with financial growth the profit, EPS and DPS. The decision to invest in a project less depends on the gender of the decision maker since such decisions are made in a group with consultation of the experts in the financial markets.

The findings of research question three found that age diversity doesn't have significant effect on firm performance as measured by EPS after tax, EPS and DPS. The effect can be felt based on the ownership diversity in terms on the numbers. The age of the director may not matter on the decisions but the extent to which the director is exposed to the issue under consideration.

The study did not find any significant association between the age and gender and

reported Profits after tax, DPS and EPS, therefore the study concludes that the board of directors' composition does not influence financial growth of listed companies significantly.

5.1 Recommendations

Based on the findings and conclusion of the study, it was found that there was a negative correlation relationship between board of directors' age, gender and financial growth of listed companies in Kenya except for the profession of the board of directors. The study recommends that the directors to be appointed should be put into consideration since the boards of directors' experience has a negative relationship on the financial growth of listed companies at the NSE.

Secondly, there is a negative relationship between board of directors' gender and profits, DPS and a positive relationship with the reported EPS after tax of companies listed in the NSE. The study recommends that the shareholders need to consider gender as they choose their directors since this will influence the financial growth.

Thirdly, there is a negative relationship between board of directors' gender and profits, DPS and a positive relationship with the reported EPS after tax of companies listed in the NSE. The study recommends that the shareholders need to consider gender as they choose their directors since this will influence the financial growth.

Lastly, the study found that boards of directors' age have a negative relationship on the financial growth of listed companies at the NSE. The study recommends that the age of the directors to be appointed should be put into consideration.

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